necessary because of the prevailing levels of construction costs or unusually high or low family income.

Manufactured home. Defined in § 887.471.

Occupancy standards. Standards that the PHA establishes for determining the appropriate number of bedrooms needed to house families of different sizes or composition.

Owner. Any person or entity having the legal right to lease or sublease decent, safe, and sanitary housing.

Participant. A family becomes a participant in the PHA's Housing Voucher Program when the PHA executes a housing voucher contract with an owner for housing assistance payments on behalf of the family.

Payment standard. An amount, adopted by a PHA for each bedroom size and Fair Market Rent area, that is used to determine the amount of assistance that is to be paid by the PHA on behalf of a family participating in the Housing Voucher Program. For additional detail see §§ 887.351 and 887.353.

Private space. Defined in § 887.503 for purposes of shared housing.

PHA jurisdiction. The area in which the PHA is not legally barred from entering into housing voucher contracts.

Receiving PHA. Defined in § 887.553 for purposes of portability.

Rent to owner. The total of the monthly amount paid under the housing voucher contract by the PHA to the owner on behalf of the family and the monthly amount the family must pay to the owner to cover the balance of rent due the owner under the lease.

Resident assistant. Defined in § 887.461 for purposes of IGRs.

Secretary. The Secretary of Housing and Urban Development, or designee.

Service agency. Defined in § 887.461 for purposes of IGRs.

Service agreement. Defined in § 887.461 for purposes of IGRs.

Shared housing. Defined in § 887.503.

Single room occupancy (SRO) housing. Defined in § 887.481.

Utility allowance. An amount that applies when the cost of utilities (except telephone) and other housing services (e.g., garbage collection) for an assisted unit is not included in the rent to owner and is instead the responsibility of the family. The allowance is an amount equal to the estimate made or approved by the PHA (see § 887.101) of the monthly costs of a reasonable consumption of these utilities and other services for the unit by an energy-conservative household of modest circumstances, consistent with the requirements of a safe, sanitary, and healthful living environment. In the case of shared housing, the amount of the utility allowance for an assisted family is a pro rata portion of the utility allowance for the entire unit, based on the number of bedrooms in the assisted family's private space. In the case of an assisted individual sharing a one-bedroom unit with another person, the amount of the utility allowance for the assisted individual is one half the utility allowance for the entire unit.

Very low-income family. A low-income family whose annual income does not exceed 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income limits higher or lower than 50 percent of the median income for the area on the basis of its finding that such variations are necessary because of unusually high or low family incomes.

[43 FR 34388, Sept. 6, 1988; 53 FR 36450, Sept. 20, 1988, as amended at 61 FR 5213, Feb. 9, 1996]

Subparts B–G [Reserved]

Subpart H—Payment Standard and Housing Assistance Payment

§ 887.351 Determining the payment standard and the payment standard schedule.

(a) *Payment standard amount.* (1) The payment standard is an amount used to calculate the monthly housing assistance payment. (Section 887.353 states how to calculate the monthly amount of the housing assistance.)

(2) Each payment standard amount is based on the published Section 8 Existing Housing fair market rent. The PHA must establish a separate payment standard amount by unit size (single room occupancy, zero-bedroom, one-bedroom, etc.) for each fair market rent area within its jurisdiction.

(b) *Payment standard schedule.* (1) The payment standard schedule is a list of

the payment standard amounts for each unit size in a fair market rent area in the PHA's jurisdiction. A PHA must adopt and maintain a payment standard schedule for each fair market rent area in the PHA jurisdiction. A PHA may have only one payment standard schedule for each fair market rent area. Each payment standard schedule may have only one payment standard amount for each unit size in the fair market rent area.

(2) Each payment standard amount on the schedule may not be less than 80 percent of the published Section 8 Existing Housing fair market rent (in effect when the payment standard amount is adopted) for the unit size, nor more than the fair market rent or HUD-approved community-wide exception rent (in effect when the payment standard amount is adopted) for the unit size. (Community-wide exception rents are maximum gross rents approved by HUD for the Certificate Program under § 882.106(a)(3) of this chapter for a designated municipality, county, or similar locality, which apply to the whole PHA jurisdiction.)

(c) *Increasing payment standard amounts on the payment standard schedule.* The PHA, in its discretion, may adopt annual increases of payment standard amounts on the payment standard schedule so that families can continue to afford to lease units with assistance under the Housing Voucher Program.

(d) *Decreasing payment standard amounts on the payment standard schedule.* When revised Section 8 Existing Housing fair market rents are published for effect in the FEDERAL REGISTER and any fair market rent or HUD-approved community-wide exception rent is lower than the corresponding payment standard amount on the PHA's payment standard schedule, the PHA must adopt a new payment standard amount not more than the revised FMR or the HUD-approved community-wide exception rent.

[43 FR 34388, Sept. 6, 1988; 53 FR 36450, Sept. 20, 1988]

§ 887.353 Determining housing assistance payments amounts.

(a) *General*—(1) *Using the payment standard.* A PHA uses the payment standard schedule to determine the appropriate payment standard for a particular family, based on the family size and composition and the PHA occupancy standards. Once the PHA determines the appropriate payment standard amount from the schedule, the PHA subtracts 30 percent of the family's monthly adjusted income (as computed under Part 813) to arrive at the monthly housing assistance payments that the PHA will make to the owner on behalf of the family. (For example, if a family qualifies for a four-bedroom housing voucher under the PHA occupancy standards and has monthly adjusted income of $500, and the payment standard amount for a four-bedroom housing voucher is $600, the housing assistance payment for the family is the payment standard amount ($600) minus 30 percent of the family's monthly adjusted income ($150) which is $450.) Before entering into a housing voucher contract with the owner for this amount, the PHA must also complete the ''minimum rent'' calculation in paragraph (a)(2) of this section.

(2) *Minimum rent.* The housing assistance payment may not be more than the amount by which the rent to owner plus any applicable utility allowance exceeds 10 percent of the family's monthly gross income, determined in accordance with Part 813. (Except for the minimum rent calculation, actual rent to owner for a unit does not affect the amount of the housing assistance payment.)

(3) *Shopper's incentive.* If a unit rents for less than the payment standard, the family benefits by paying less than 30 percent of its monthly adjusted income toward rent, subject to the minimum rent calculation. It a unit rents for more than the payment standard, the housing assistance payment is not increased, nor is the family told it must find another unit, as in the Certificate Program. Instead, the family pays the entire difference between the rent and the housing assistance payment.

(b) *When changes in the payment standard apply to an existing housing assistance payment*—(1) *General.* The payment standard that is applied to a family may be changed only:

(i) At regular reexamination (see paragraph (b)(2) of this section); or

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